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May 8, 1996

RECEIVED

MAY - 8 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N. W.  
Washington, DC 20554

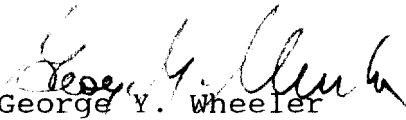
Re: Federal-State Joint Board on Universal Service -  
CC Docket 96-45

Dear Mr. Caton:

Transmitted herewith on behalf of TDS Telecom pursuant to Section 1.1206 of the Commission's rules, is an ex parte letter concerning various meetings with Commissioner Rachelle B. Chong, Blair Levin, John Nakahata, Rudolfo Baca and James Casserly on May 6, 1996.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,

  
George Y. Wheeler

Enclosures

100 of Copies rec'd  
LIST ABCOE

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*Government and Regulatory Affairs*

May 7, 1996

**Ex Parte**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

**Re: CC Docket 96-45, In the Matter of Federal-State Joint Board on  
Universal Service**

Dear Mr. Caton:

On Monday, May 6, 1996, Ted Carlson, David Epstein, Margot Humphrey and Beth Valinoti, on behalf of TDS TELECOM, met with Commissioner Rachelle Chong; Daniel Gonzalez, Legal Advisor to Commissioner Chong; Blair Levin, Chief of Staff; John Nakahata, Special Assistant to Chairman Hundt; Rudolfo Baca, Legal Advisor to Commissioner Quello; and, James Casserly, Senior Legal Advisor to Commissioner Ness, to discuss issues summarized in attachments. Additionally, Arland Hocker represented TDS TELECOM in the May 6 meetings with Commissioner Chong, Mr. Gonzalez, Mr. Levin, Mr. Nakahata, and Mr. Baca; and George Wheeler represented TDS TELECOM in the May 6 meeting with Commissioner Chong and Mr. Gonzalez.

Enclosed herewith are the documents provided to the above mentioned parties during the above referenced meetings. I have enclosed two copies of this notice and attachments in accordance with sections 1.1206(a)(1) and 1.1206(a)(2) of the Commission's rules. Please date stamp and return the provided copy to confirm your receipt.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth H. Valinoti".

Elizabeth H. Valinoti  
Manager  
External Relations

Attachments

cc: Commissioner Rachelle Chong  
Daniel Gonzalez  
Blair Levin  
John Nakahata  
James Casserly  
Rudolfo Baca

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**TDS TELECOM**

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## **TDS Concerns Regarding Universal Service CC Docket 96-45**

**May 6, 1996**

- ⇒ The FCC should base and evaluate all decisions on the universal service standards and principles set forth by Congress in the Act. Congress intended these provisions to ensure rural America of high quality, affordable, evolving services, including access to advanced telecommunications and information services and reasonably comparable rural and urban services and rates;
- ⇒ The federal definition for high cost and rural services should be forward-looking and cannot lawfully be restricted to only low income or residential customers;
- ⇒ States should retain authority to expand the definition of universal service and fund added services through contributions from all intrastate carriers;
- ⇒ The Act precludes basing high cost recovery on unreliable proxies or the costs of another universal service provider. Should the FCC adopt proxies, rural companies should continue to receive support based on their costs until competition arrives in their serving areas;
- ⇒ Implementation of any new universal service programs should build on and improve existing mechanisms such as USF and DEM weighting. In addition, USF and DEM weighting should be maintained as separate mechanisms because merging these mechanisms would complicate current efforts aimed at unbundling the network, reduce targeting to certain high cost areas, raise rural rates, and impair rural infrastructure development.
- ⇒ Any significant changes in support levels will require adequate transition periods to mitigate adverse customer impacts.
- ⇒ Current study areas should remain in effect. Forced study area consolidation within a state would fail to adequately address high costs, and conflict with the principle of "sufficient" federal cost recovery; and,
- ⇒ Changing from a national universal service administrator to state government control would frustrate national uniformity in a plan



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## **TDS TELECOM OVERVIEW**

**May 6, 1996**

- Serving approximately 430,000 access lines in 28 states
- Operates 102 local exchange companies as of April 29, 1996
- Average number of access lines per company = 4,297
- Largest company serves 50,677 access lines (Tennessee Telephone);  
Smallest company serves 450 access lines (Danube Telephone)
- Average number of access lines per square mile = 10.5;  
Average RBOC access lines per square mile = 330
- Company with the greatest density = 328 access lines per square mile;  
Company with lowest density = 0.5 access lines per square mile
- 99.8% of access lines are digital